

Message Text

CONFIDENTIAL

PAGE 01 STATE 183584
ORIGIN EB-08

INFO OCT-01 EA-10 ISO-00 COME-00 DODE-00 NSAE-00
ICA-11 TRSE-00 SOE-02 DOE-15 CIAE-00 SP-02 /049 R

DRAFTED BY EB/ITP/EWT:AJREICHENBACH:DLM
APPROVED BY EB/ITP/EWT:WAROOT
COMMERCE/OEA:EKRIBER (SUBS)
EA/PRCM:SHALLFORD (SUBS)

-----120960 201756Z /46

R 201715Z JUL 78
FM SECSTATE WASHDC
TO USLO PEKING
INFO AMCONSUL HONG KONG
AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 183584

E.O. 11652: GDS

TAGS:EGEN, EQUIP, CH, US

SUBJECT: COMPUTER SALES BY SPERRY UNIVAC

REF: PEKING 1828

1. SPERRY UNIVAC REPRESENTATIVES HAVE DISCUSSED WITH USG
AUTHORITIES THEIR APPLICATIONS TO BE FILED FOR EXPORT
LICENSES COVERING TWO COMPUTERS FOR THE INSTITUTE OF SCIENCE
AND TECHNOLOGY AND THE PEKING DOCUMENTATION SERVICE. ACCORD-
ING TO COMMERCE TECHNICIANS, SPERRY HAS BEEN TOLD THAT THEIR
APPLICATIONS WILL FACE DIFFICULTIES IN LICENSING BECAUSE OF
THEIR CONFIGURATIONS (TOO MANY DISC DRIVES) AND THE NEED
FOR THE USG TO DETERMINE WHETHER COMPUTERS OF THIS SIZE AND
PERFORMANCE ARE REQUIRED FOR THE INTENDED END-USE.

2. SPERRY ALSO DISCUSSED THEIR TALKS WITH MACHIMPEX, INDICA-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 183584

TING TO COMMERCE THAT THE FIRM MUST DECIDE WHICH OF TWO
SYSTEMS UNDER CONSIDERATION IT WILL OFFER TO THE CHINESE FOR
SEISMIC APPLICATION. AFTER A QUICK REVIEW, COMMERCE SUG-
GESTED THAT THE LOWER PERFORMANCE SYSTEM BE CONSIDERED, AND
POSSIBLY REVISED, SINCE BOTH CONFIGURATIONS EXCEED PERFOR-
MANCE CHARACTERISTICS READILY APPROVABLE BY COCOM. SPERRY
WILL NOW GIVE CONSIDERATION TO COMMERCE'S COMMENTS.

3. REFTEL COMMENT ON U.S. POLICY REGARDING COMPUTER SALES REQUIRES SOME EXPLANATION OF PROCEDURE. FIRST, THERE IS BASICALLY NO PRESUMPTION FOR APPROVAL OR DENIAL OF A LICENSE FOR A COMPUTER SALE BASED ON A PREVIOUS APPROVAL. EVERY LICENSE APPLICATION IS REVIEWED ON ITS OWN MERITS. THE END-USER AND THE PROPOSED END-USE ARE FIRST CONSIDERED; THEN THE SIZE OF THE SYSTEM, ITS APPROPRIATENESS TO THE END USE AND POTENTIAL FOR DIVERSION ARE WEIGHED CONSIDERATIONS. EXPERIENCE HAS REVEALED THAT THE SALES TEAM FOR SPERRY (OR ANY OTHER FIRM) FREQUENTLY SEEK TO SELL THE LARGEST POSSIBLE SYSTEM TO UNKNOWLEDGEABLE END-USERS, THEREBY CHALKING UP LARGE SALES. WHEN THE APPLICATION ARRIVES IN COMMERCE FOR TECHNICAL ASSESSMENT, IT IS OFTEN DETERMINED THAT THE SYSTEM IS TOO LARGE OR TOO SOPHISTICATED FOR THE INTENDED END-USE. AT THAT POINT, IN COOPERATION WITH THE U.S. FIRM'S EXPERTS ON EXPORT LICENSING MATTERS, THE APPLICATION IS MASSAGED TO TRY TO ELIMINATE THE STRATEGIC CONCERNS. THIS MAY ENTAIL SUGGESTING A SMALLER SYSTEM OR CUTTING BACK ON THE EXISTING PERFORMANCE OF THE PROPOSED SYSTEM. THEREFORE, THERE ARE MORE VARIABLES IN EXPORT LICENSING DETERMINATIONS THAN THE "BENCHMARK" OF THE HITACHI SALE TO THE METEOROLOGICAL SERVICE.

4. PROCUREMENT FROM OTHER SOURCES, WHICH IS A FREQUENT CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 183584

ARGUMENT OF THE CHINESE, IS NOT AS EASILY ACCOMPLISHED AS THEY WOULD HAVE US THINK. FOR INSTANCE, DENIAL OF A COMPUTER SALE FOR A SPECIFIC REASON, DOES NOT STOP WITH ADVICE TO THE U.S. EXPORTER. SHOULD CDC, ICL, HITACHI, OR ANY OTHER FIRM DOMICILED IN A COCOM COUNTRY SUBMIT AN APPLICATION FOR A COMPARABLE COMPUTER TO THE SAME END-USER, THE U.S. AUTHORITIES WOULD HAVE TO CONSIDER THAT APPLICATION AGAINST THE ONE WHICH WAS DENIED THE U.S. FIRM. IF THEY ARE ROUGHLY THE SAME, THEN THE USG WOULD ADVISE COCOM OF THE REASON FOR OUR INITIAL ACTION ON THE U.S. CASE, RECOMMENDING SIMILAR ACTION ON THE SUBSEQUENT APPLICATION. THEREFORE, THERE IS A CHECKS AND BALANCES SYSTEM ON COCOM-ORIGINATED COMPUTERS WHICH ARE COMPARABLE IN DESIGN AND PERFORMANCE, DESTINED FOR THE SAME END USE/END USER. CHRISTOPHER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, COMPUTERS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE183584
Document Source: CORE
Document Unique ID: 00
Drafter: AJREICHENBACH:DLM
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780298-0767
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780737/aaaabfdy.tel
Line Count: 108
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 575aa66f-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 PEKING 1828
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 31 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1937301
Secure: OPEN
Status: NATIVE
Subject: COMPUTER SALES BY SPERRY UNIVAC
TAGS: EGEN, EQIP, CH, US, SPERRY UNIVAC
To: PEKING
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/575aa66f-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014